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Message Text

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PAGE 01 PARIS 29952 111114Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 H-02 PA-02 MMO-01 /111 W
----------077935 111217Z /43
R 111114Z SEP 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 7173

UNCLAS PARIS 29952

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/A
TAGS: EFIN, FR
SUBJECT: PM BARRE THREATENS SANCTIONS AGAINST
FIRMS WITH EXCESSIVE WAGE INCREASES

1. SUMMARY

IN A STRONGLY WORDED LETTER TO ECONOMIC MINISTER MONORY, PM BARRE EXPRESSED HIS DISPLEASURE REQARDINQ THE SHARP 5.0 PERCENT INCREASE IN WAGES PER HOUR DURING THE SECOND QUARTER. HE THREATED TO TAKE SANCTIONS AOAINST FIRMS WITH EXCESSIVE WAGE INCREASES.
END SUMMARY

2. KEY EXTRACTS FROM PM BARRE'S LETTER FOLLOW: "IT IS IMPORTANT THAT, BEGINNING NOW, THE PROPER MEASURES BE TAKEN TO PREVENT ANY SLACKENINQ IN WAGE POLICY BY FIRMS. THE PRIORITY GRANTED TO THE INCREASE OF THE LOWEST WAGES AND OF THE INCOME OF MANUAL WORKERS IS COMPATIBLE WITH THE CONSTRAINTS ON OUR ECONOMY ONLY IF THE INCREASE IN THE HIGHEST INCOMES IS SLOWED DOWN. EVEN THOUGH THE GOVERNMENT PERMITTED THE WAGE NEGOTIA-
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TIONS TO BE CONDUCTED BY INDIVIDUAL SECTOR, IT CONSIDERS THAT THE CONSTRAINTS ON OUR ECONOMIC RECOVERY AND THE IMPERATIVES OF A POLICY OF SOLIDARITY REQUIRE FIRMS TO RESPECT THE DISCIPLINES PERTAINING TO SALARIES AS A WHOLE."

3. THEREFORE, M. BARRE REQUESTED M. MONORY "TO FOLLOW

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ATTENTIVELY, ALONG WITH THE MINISTER OF
LABOR, WAGE DEVELOPMENTS DURING THE COMING WEEKS."
M. MONORY "SHOULD DRAW UP WITHOUT DELAY SOME MEASURES
WHICH WILL PERMIT THE GOVERNMENT WHEN ALLOCATING AID AND
LOANS TO TAKE EXPLICITYLY INTO ACCOUNT THE BEHAVIOR OF
INDIVIDUAL FIRMS WITH REGARD TO THE SETTING OF WAGES.
FOREIGN COMPETITION SHOULD BE ALLOWED FULL PLAY IN THOSE
SECTORS WHERE THERE HAS BEEN A TENDENCY TOWARD AN EXCES-
SIVE INCREASE IN WAGES. IN CASE A TREND SIMILAR TO
THAT OF THE SECOND QUARTER IS OBSERVED DURING SEPTEMBER
AND OCTOBER, IT MAY BECOME NECESSARY TO LIMIT THE
INCREASE IN CREDIT TO FIRMS. IT WILL BE NECESSARY TO
RESORT TO SUCH MEASURES SINCE THE LIBERATION
OF PRICES IS IRREVERSIBLE."
GAMMON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Current Classification: UNCLASSIFIED
Concepts: WAGES, INDUSTRY, SANCTIONS, THREATS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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Litigation History:
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Message ID: 2f9be852-c288-dd11-92da-001cc4696bcc
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Original Previous Handling Restrictions: n/a
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Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
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Review Withdrawn Fields: n/a
SAS ID: 1485279
Secure: OPEN
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Type: TE
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